

# ***DoD IT Market Analysis 1999***

## **DoD and Industry: Partnership and Trust**

***“IT is our Future!!!”***

**Dave McCurdy  
EIA  
President**

# *Defense Team Members*

- **John Bean, Bell Atlantic**
- **Peter Bogdonoff, Pilot Network Systems**
- **Norm Cooney, Lockheed Martin**
- **Charmaine Edwards, COMSAT**
- **Mike Ernst, METAMOR Worldwide**
- **Wayne Grindle, GTE**
- **Bobbie Gutierrez, Wang**
- **Vince Knapp, EDS**
- **Michael Kush, EDS**
- **Andrew Lieber, AT&T**
- **Whit Ludington, Lockheed Martin**
- **Jack Moore, Viasoft**
- **S. Maxwell Perry, NCI**
- **Gerald Robbins, GTE Government Systems**
- **Bill Taylor, Hewlett-Packard**
- **Ed White, Wang**
- **Bill Zimmerman, AverStar, Inc.**

# *DoD IT Market Analysis 1999:*

## *Mission and Goals*



- **Mission:** The Mission of the Defense Team is to completely portray all aspects of the current DoD IT Market Environment in which we compete daily
- **Goals:**
  - Describe the Trends, Drivers and Issues
  - Present the Budget
  - Provide the Priorities, Emerging Technologies and the “Message to Industry”, ALL leading to...

***Business Opportunities!!!***

# *Defense IT Market Outline*

## *1999 Analysis*

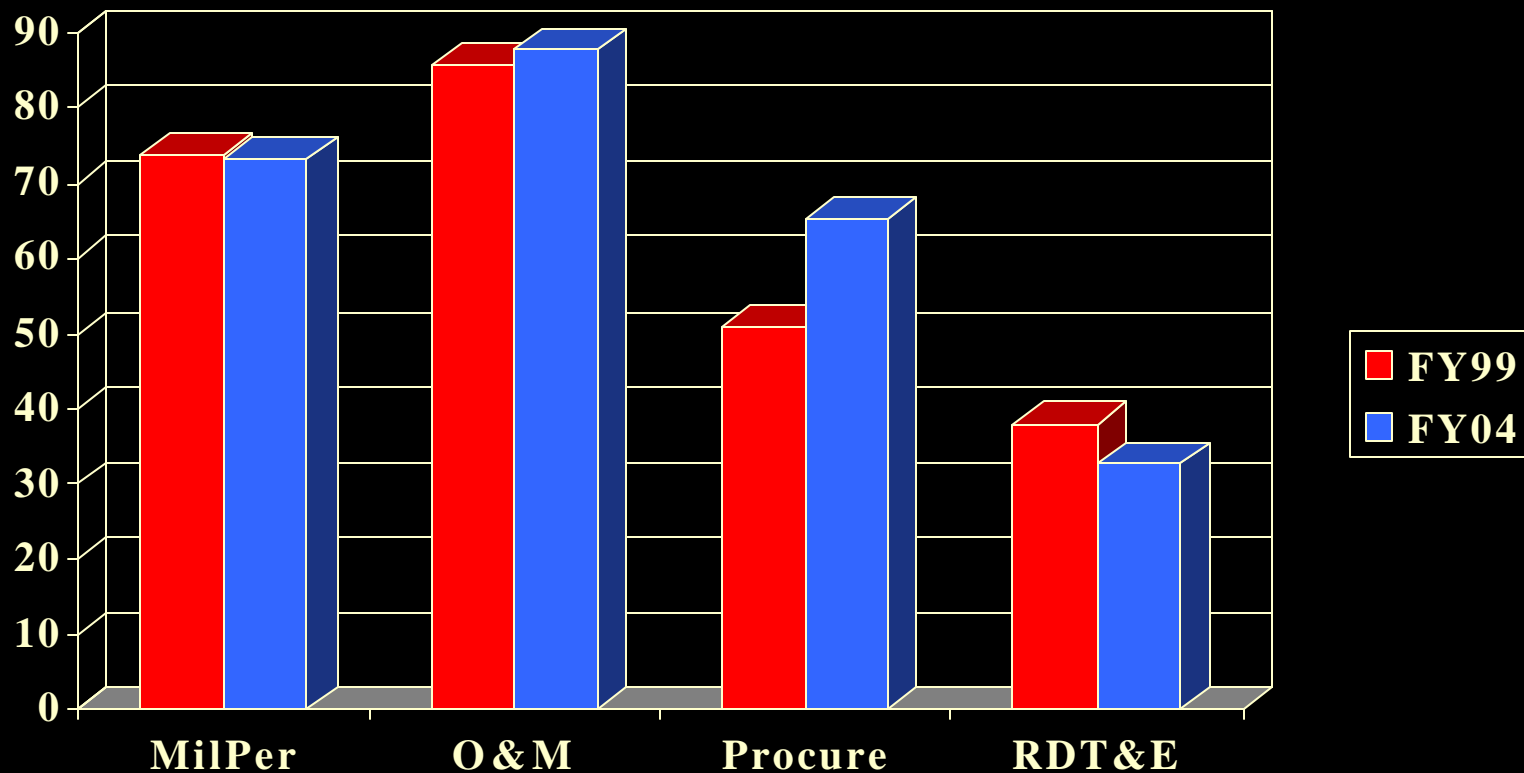
- **Perspectives**
  - **IT Budget Perspective**
  - **Wall Street's Perspective**
  - **View from "the Hill"**
- **The Macro Picture**
  - **OSD**
  - **JCS**
- **The Micro Picture**
  - **Army**
  - **Navy/ Marines**
  - **Air Force**
  - **DISA**
  - **DLA**
  - **The Intelligence Community**
- **Summary and Analysis**

## *Budget Executive Summary*

- DoD total budget increases during forecast period + 0.7%
- DoD IT budget will grow 1.3% during forecast period
- New IT reports bring changes to IT bottom line
- DoD understanding of IT capabilities brightens IT outlook

# *DoD Expenditures By Account*

*(\$B Constant)*



## *DoD Budget Issues*

- Impact of OMB exhibit 42s seen on IT bottom line
  - **Significant increase in C2 and communications/computing infrastructure dollars reported in 42s**
- Information assurance next Y2K
- Kosovo lessons learned incomplete
  - **Kosovo “first internet war”**
- Maintaining force will cost more to retain qualified people

## *DoD IT Forecast Summary*

- DoD IT budget shows growth: 1.3%
- All IT categories show growth
  - Mission area
  - Infrastructure and office automation
  - Architecture and planning
- Increase in reporting of C2 dollars
- Utilization of IT grows



# *The Market*

- **Surpluses will continue**
- **Information Assurance might be the next Y2K**
- **Uncertainty in Government due to ID/IQ contracts**
  - **Analysts “flying blind” because of ID/IQ contract vehicles**
  - **Do not know when revenues will kick in**
- **Outsourcing has potential:**
  - **Data Center outsourcing has “thin margins”**
  - **BPR or consolidation of processes and then Internet applications = Higher Margins**
- **Re-direction of spending**
  - **Away from non-Internet to Internet projects**
  - **Thought that technology is a “cost-cutter” is waning**

# *View from “the Hill”:*

## *H.R. 1401 (FY 00 Defense Authorization Act)*

- **Information Systems Technology, Superiority and Security**
  - Budget request included >\$1B for IT; includes \$279M for R&D in support of DoD information system security program
  - +\$45M for critical IS R&D
- **Joint Warfighting Experimentation Program**
  - Committee endorses role of Joint Experimentation
  - \$49.1M added to Bill
- **Land Information Warfare Activity (LIWA)**
  - Army’s Intell Command’s LIWA recognized as lead for security technology and information dominance
  - +\$10M to develop and operate LIWA
- **Marine Corps Base Telecommunications Infrastructure**
  - #1 non-aviation unfunded priority for Commandant of USMC
  - +\$131.8M for comm. and electronic infrastructure (Pendleton; Mtn Warfare Ctr; Miramar)

# ***Trends, Drivers and Issues:***

## ***All / Majority of Services***

- **Protection of Information Infrastructure is key concern (All)**
- **Technical/ Personnel talent drain (Navy; AF)**
- **“CINC-Centric”; increasing need to operate “Joint” ( Army; Navy)**
- **Y2K is under control (All)**
- **Cultural change - IT is a weapon, e.g. Kosovo was an “Internet War” (Navy; AF)**



**Repeated from previous Year**



**Mentioned 1st time this Year**

# ***Priorities:***

## **All / Majority of Services**

- **Information Assurance is a major issue; will continue to grow (All)**
- **Increased Bandwidth (Army/ Navy)**
- **Knowledge Management: Exploit available data; use processing to generate knowledge (Navy/ AF)**
- **The IT Infrastructure is an aging Fleet (Navy; AF)**



**Repeated from previous Year**



**Mentioned 1st time this Year**

# *Emerging Technologies:* **All/ Majority of Services**

- **High-bandwidth ATM; Bandwidth on demand (Army; Navy)**
- **Wireless Technologies (Army; Navy)**
- **Information Assurance (All)**
  - **Multi-level security**
  - **Biometrics**
  - **Multi-security levels**
  - **Network Management**
  - **PKI**
- **Software Program growth (Army; Navy)**
- **Modeling and Simulation (Navy; AF)**



**Repeated from previous Year**

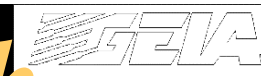


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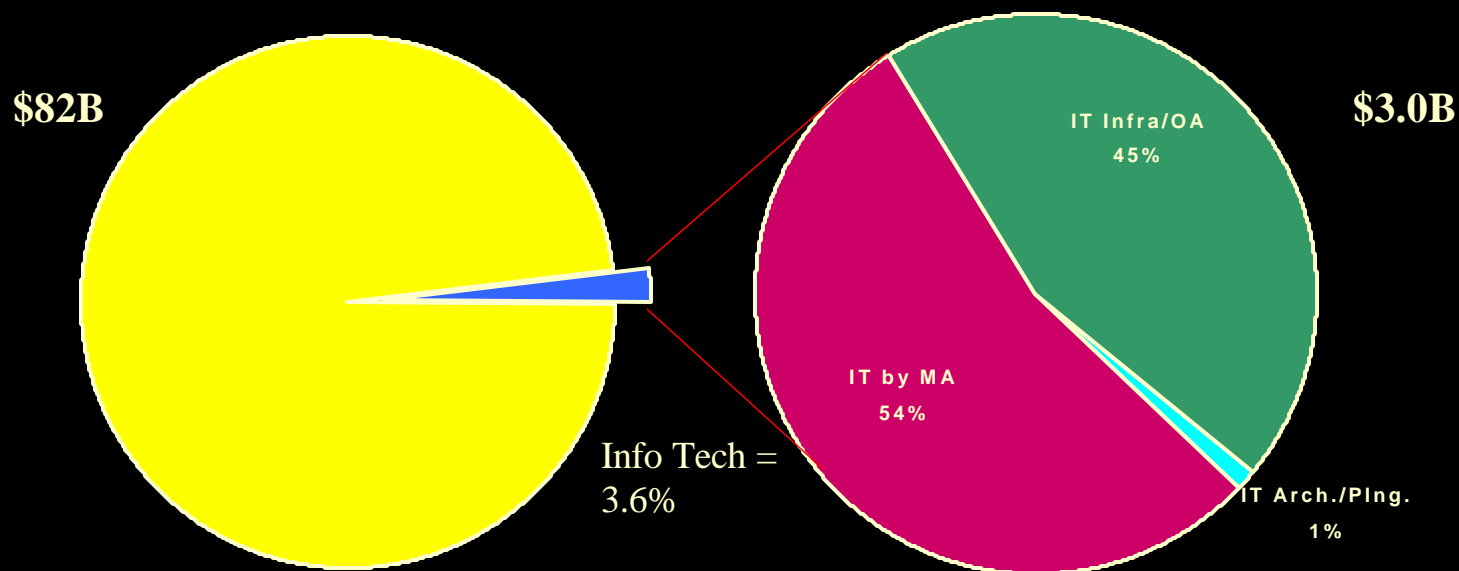
## *Navy – Calm Seas Ahead*

- Total Navy budget growing
- Growth in Infrastructure and Office Automation expenditures key driver for growth in IT budget
- Key initiatives: Navy/Marine Corps Intranet and Information Management
- IT expenses balanced between mission area and infrastructure

# ***FY00 Navy Budget & Growth Rates***



***(GEIA Adjusted Data in FY99\$)***



**Discretionary Budget**

**Information Technology Spending**

(\$M Constant)	99'	00'	04'	Real Growth Rate
Discretionary Budget	82B	82B	85B	.6%
Total IT	2,812	2,958	3,064	1.7%
Mission Area	1,594	1,317	1,370	0.9%
Infrastructure & Office Automation	1,173	1,317	1,370	3.2%
Architecture & Planning	45	32	30	-7.8%
Contracted Out	69%	70%	73%	

# *Trends, Drivers, and Issues*

- **Information Assurance  
Replacing Y2K**
- **Jointness As A Way Of Life**
- **Knowledge Management**
- **Outsourcing and Privatization**
- **Electronic Acquisition**
- **Personnel Retention**
- **Information Superiority**
- **Electronic Battlespace**
- **Post Y2K Problems To Be  
Determined**
- **IT Is A Weapon System**
- **Think CINC-Centric**
- **Vendor Up- Front Investment**



**Repeated from previous**



**Mentioned 1st time this**

*“...it is the use of IT and not IT itself  
that is most important.”*



# *Priorities*

- **Information Assurance**
- **Outsourcing / Smart-sourcing**
- **Interoperability**
- **Wireless Networks**
- **Enterprise Networks, N/MCI**
- **Personnel Retention**
- **Increased Bandwidth**
- **Information Management**
- **e-Commerce**
- **Enterprise Management**
- **Keeping Up With New Technologies**
- **Replacing Aging Infrastructure**



**Repeated from previous Year**



**Mentioned 1st time this Year**

# *Emerging Technologies*

## **Short Term**

- **High-bandwidth ATM, and Bandwidth On Demand**
- **Wireless technologies**
- **Information Assurance**
  - Network Management
  - PKI
- **Configuration Management**
- **Supply Chain Management**
- **Enterprise Resource Planning**

## **Long Term**

- **Self-healing networks**
- **Intelligent agents**
- **Knowledge Management**
- **Neural Networks**
- **Modeling & Simulation**
- **COTS**
- **Software Program Growth**
- **Information Assurance**
  - Multi-level Security
  - Biometrics
  - Multi Security Levels
- **Combat ID (IFF)**
- **WEB Technology**



**Repeated from previous Year**



**Mentioned 1st time this Year**

# *Business Opportunities*

- **Navy/Marine Corps Intranet (N/MCI)**
- **“Regionalization” Efforts**
  - Use existing contracts
  - San Diego; Hawaii; Norfolk; DC (TBD)
- **Knowledge Management**
  - Data Mining and Data Warehousing
- **e-Commerce**
- **“Paperless Contracting Environment”**
- **Information Assurance (Multi-level Security)**
- **Combat Identification (IFF For The Warriors)**
- **Communications Equipment, i.e., radios and antennas**
- **Search Engines for the WEB**
- **Wireless Technology**